

AGENDA ITEM NO. 10	
COUNCIL	
Date	26 JULY 2012
Title	CORPORATE GOVERNANCE COMMITTEE ANNUAL REPORT 2011/12

1. PURPOSE/SUMMARY
 To report to Council the commitment and effectiveness of the Corporate Governance Committee's work from April 2011 to March 2012.

2. KEY ISSUES

- The Committee has taken action to ensure that its members are adequately informed on the Governance Framework via regular reports to its meetings including:
 - Governance;
 - Internal control;
 - Risk management;
 - Anti-fraud & corruption;
 - Accounts and policies;
 - Treasury management;
- The Committee has been fundamental in the review and maintenance of the Council's Governance Framework.

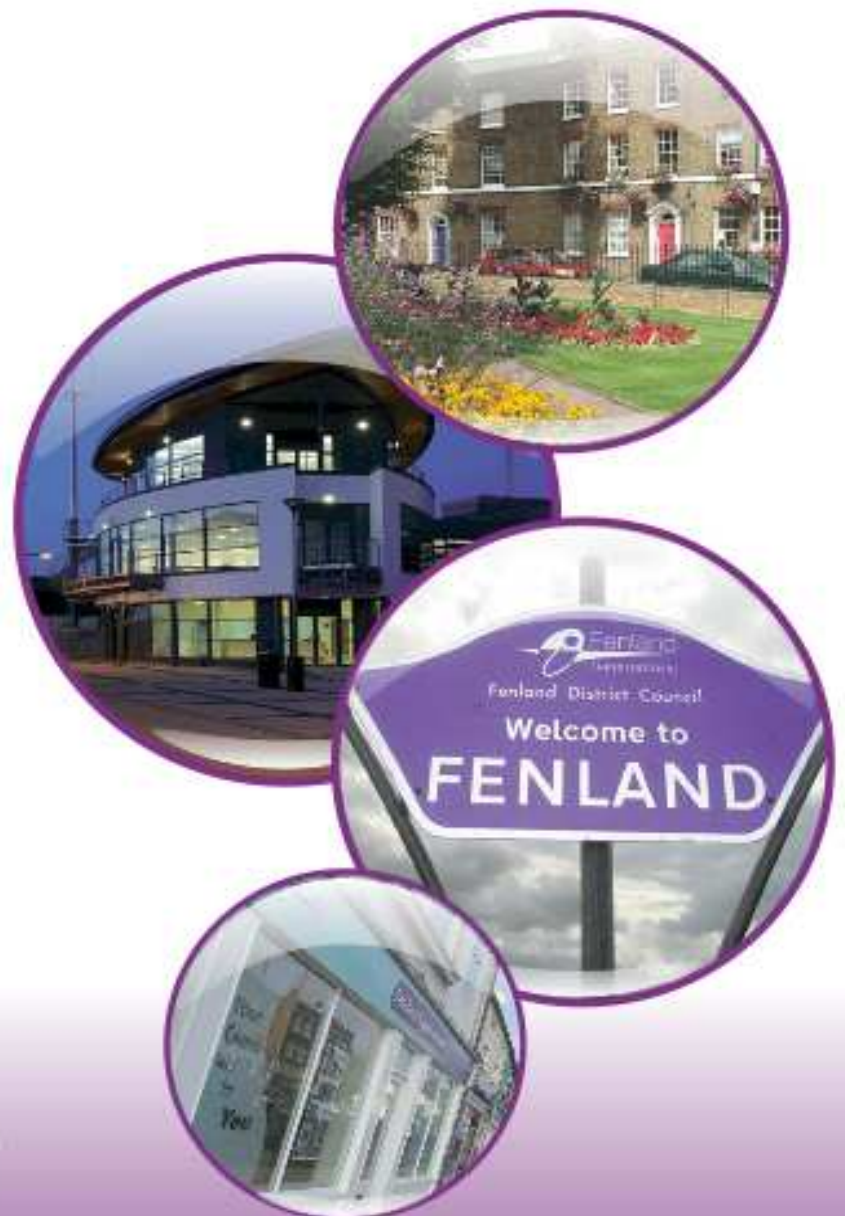
3. RECOMMENDATION(S)
 Council should acknowledge the scope and achievement of the Corporate Governance Committee's work, including the commitment to ensuring effective governance arrangements across the Council and its partners, and adopt the annual report.

Wards Affected	All
Forward Plan	N/A
Portfolio Holder(s)	Cllr Florence Newell – Chair of Corporate Governance Committee Cllr Mike Cornwell – Vice Chair of Corporate Governance Committee
Report Originator	Rob Bridge – Corporate Director & Chief Finance Officer Carol Pilson – Corporate Director
Contact Officer(s)	Rob Bridge – Corporate Director & Chief Finance Officer Carol Pilson – Corporate Director
Background Paper(s)	CIPFA Audit Committees – Practical Guidance For Local Authorities.

Annual report

Report of the Corporate Governance Committee

April 2011 – March 2012



1 **What is corporate governance?**

- 1.1 Corporate Governance in Fenland District Council is an essential part of the Council's standards for transparent and informed management and decision-making. It provides assurance of the adequacy of the risk management framework and the control environment, independent scrutiny of the Authority's financial and non-financial performance and to oversee the financial reporting process.

2 **Responsibilities of the Committee**

- 2.1 The Corporate Governance Committee rules listed in Part 2 (rule 10), of Fenland District Council's Constitution, illustrates their role within their terms of reference:
- a. Consider the effectiveness of the Authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
 - b. Seek assurance that action is being taken on risk related issues identified by auditors and inspectors.
 - c. Be satisfied that the Authority's assurance statements, including the Statement on Internal Control, properly reflect the risk environment and actions required to improve it.
 - d. Approve (but not direct) internal audit's strategy, plan and monitor performance.
 - e. Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
 - f. Receive the annual report of the Internal Audit Manager providing an opinion on the level of internal control.
 - g. Consider the reports of external audit and inspection agencies.
 - h. Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
 - i. Review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to issues raised by external audit.

3 **Members commitment to corporate governance in 2011/12**

- 3.1 Meetings included development briefings, and items of topical interest, to maintain members knowledge and awareness of the Council's Governance Framework. Examples were:
- The role of Corporate Governance, Officers and the work plan;
 - Interpretation of Annual Financial Statements,
 - International Financial Reporting Standards,
 - The role of Internal Audit and provision of assurance,
 - Monitoring and management of risk,
 - Regulation of investigatory Powers Act (RIPA) update,
 - The future of local public audit
- 3.2 All new members of the Council and the Committee receive an induction to explain the context of Corporate Governance.

4 **Work programme and outcomes**

- 4.1 The Committee considered the matters in the table below as part of its work programme.

Programme	Outcome
Annual Governance Statement 2010/11	<p>The Authority has a statutory duty to publish a statement as to the level of effectiveness its governance and internal control framework.</p> <p>The Corporate Governance Committee was able to consider the sources of assurance and approve the content of the Statement prior to its publication in the Financial Accounts.</p> <p>The action plan incorporated into the statement was reviewed during the year to ensure that governance and control framework weaknesses were addressed. This has led to reviews of governance and control, including risk management, for organisational impacts on finance, policy and legislation of Government change.</p>
Statement of Accounts	<p>The Committee were able to approve the Council's Statement of Accounts for 2010/11 assisting the Council to achieve its publication deadline.</p>
Accounting Policies	<p>The Committee considered the draft accounting policies for use in producing the 2010/11 accounts, including first time adoption of International Financial Reporting Standards (IFRS).</p>
Internal Audit work programme	<p>The Corporate Governance Committee received reports, from the Internal Audit Manager, for review of the:</p> <ul style="list-style-type: none"> • Internal Audit service's "Terms of Reference", • Internal Audit "Strategy", • Internal Audit "Annual plan", • Internal Audit Performance Outturn 2010/11, and the • Internal Audit Manager's opinion on the overall adequacy and effectiveness of the Council's control environment. <p>These reports demonstrate that the Council has arrangements in place to comply with the Accounts and Audit Regulations, to maintain an adequate and effective internal audit and system of Internal Control.</p>
Review of effectiveness of Internal Audit	<p>The Committee received a report from the Corporate Director with line management responsibilities, and the Corporate Director & Chief Finance Officer, detailing the review of Internal Audit and confirming that the service adequately meets the requirements of the CIPFA "Code of Practice for local authority Internal Audit".</p>
Risk Management Framework	<p>The Committee received regular updates on the Corporate Risk Register, and performed the annual review of the Risk Management Strategy, providing assurance that significant risks are identified and managed for the Council.</p>

Programme	Outcome
Treasury Management	The Committee has received reports throughout the year for the Treasury Management Strategy in accordance with the CIPFA Code of Practice on Treasury Management.
External Audit Assurance	<p>The Committee received reports from the Audit Commission's appointed auditor, PricewaterhouseCoopers, affirming continued maintenance of high financial management and control standards. These included:</p> <ul style="list-style-type: none"> • Annual work plan; • Annual grant certification report; • Annual report to those charged with governance (ISA 260) summarising the work of the external audits completed; • Annual Audit and Inspection letter
Anti-fraud and corruption	<p>The Committee received reports from the Councils Internal Audit Manager. Examples included: -</p> <ul style="list-style-type: none"> • A review of the Council's Anti-fraud and corruption policy, against best practice guidance, • Assurance on the adequacy of internal controls for preventing bribery risk, • Assurance as to approaches taken to prevent inappropriate behaviour,